

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: February 28, 1995

SUBJECT: **SB 632 - HB 844**

This bill, if enacted, will create an authority which shall be known as the *Tennessee Minority Business Development Guarantee and Revolving Loan Fund*.

The authority shall be empowered to assist in the start-up, expansion, improvement or continued operation of minority-owned businesses in rural areas through the guaranteeing of loans from the private sector, and through direct issuance of loans at a rate of interest to be determined, and promote economic development and to increase employment in Tennessee.

Further, this bill creates within the State Treasury a restricted account not to exceed \$3,000,000 to be known as the *Minority Business development Revolving Loan Fund Account*. Amounts in the account at the end of any fiscal year shall not revert but shall remain available to the authority. Amounts in the account shall be invested for the benefit of the account by the State Treasurer.

The authority is authorized to determine the total dollar amount of loans to be guaranteed up to five times the balance of the appropriated

funds plus income less expenses of the corporation. Individual direct loans and loan guarantees shall not exceed \$250,000.

The fiscal impact from enactment of this bill is estimated to be an increase in state expenditures of approximately \$3,053,200. Of this amount, \$53,200 will be for an executive director position and related expenses and includes travel reimbursement for the authority and \$3,000,000 for the minority business development revolving loan fund.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is written in a cursive, flowing style.

James A. Davenport, Executive Director